



Water Plan Update 2018

Investing in Water Resources Sustainability

September 14, 2017

Water Plan Policy Advisory Committee Webinar

Water Plan Update 2018

Webinar Scope and Content

Within Scope of Webinar: Strategic planning for funding State government's roles, responsibilities, and obligations

Outside Scope of Webinar: Disbursement of G.O. bond funds, project-specific funding, State government-directed funding or investments at a regional scale



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California Water Management

Big Picture

Managing for Statewide Sustainability

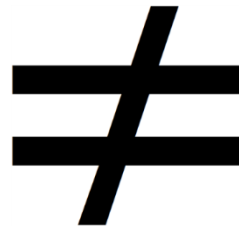
Our historical focus on water management has been reactive and oriented to individual projects

Repair + Ration + Regulate

...aging infrastructure

...in response to drought

...to comply with statutes &
respond to droughts



Sustainability

Long View



- Californians have reduced risks from flooding, unreliable water supplies, groundwater depletion, and habitat and species declines.
- Water sustainability is commonly understood in terms of the four societal values.
- California's water management supports a increased public health and safety, healthy economy, enriching experiences, and ecosystem vitality.
- Water is appropriately integrated across all State and regional planning processes.
- Water policy, investment, and actions are increasingly proactive and based on the long view.

Long View (continued)



- Water management is outcome-based, stably funded, and regionally appropriate, encompassing effective blend of planning and regulation.
- Regulations are tied to planning and long-term system management and regulatory discretion is broadened and exercised to accomplish intended outcomes.
- State government agency activities empower and support regional water management.
- State-regional interaction reflects each region's unique perspectives, needs, and priorities.
- Institutions plan, manage, and fund water resources at an effective scale (e.g., watershed/groundwater basin).

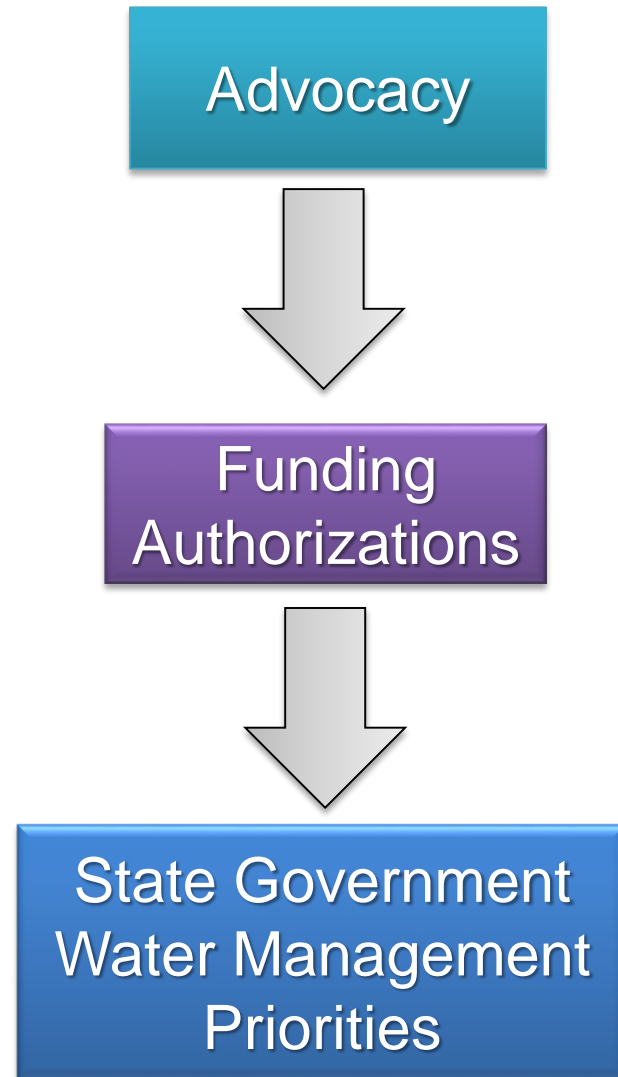
Key Themes



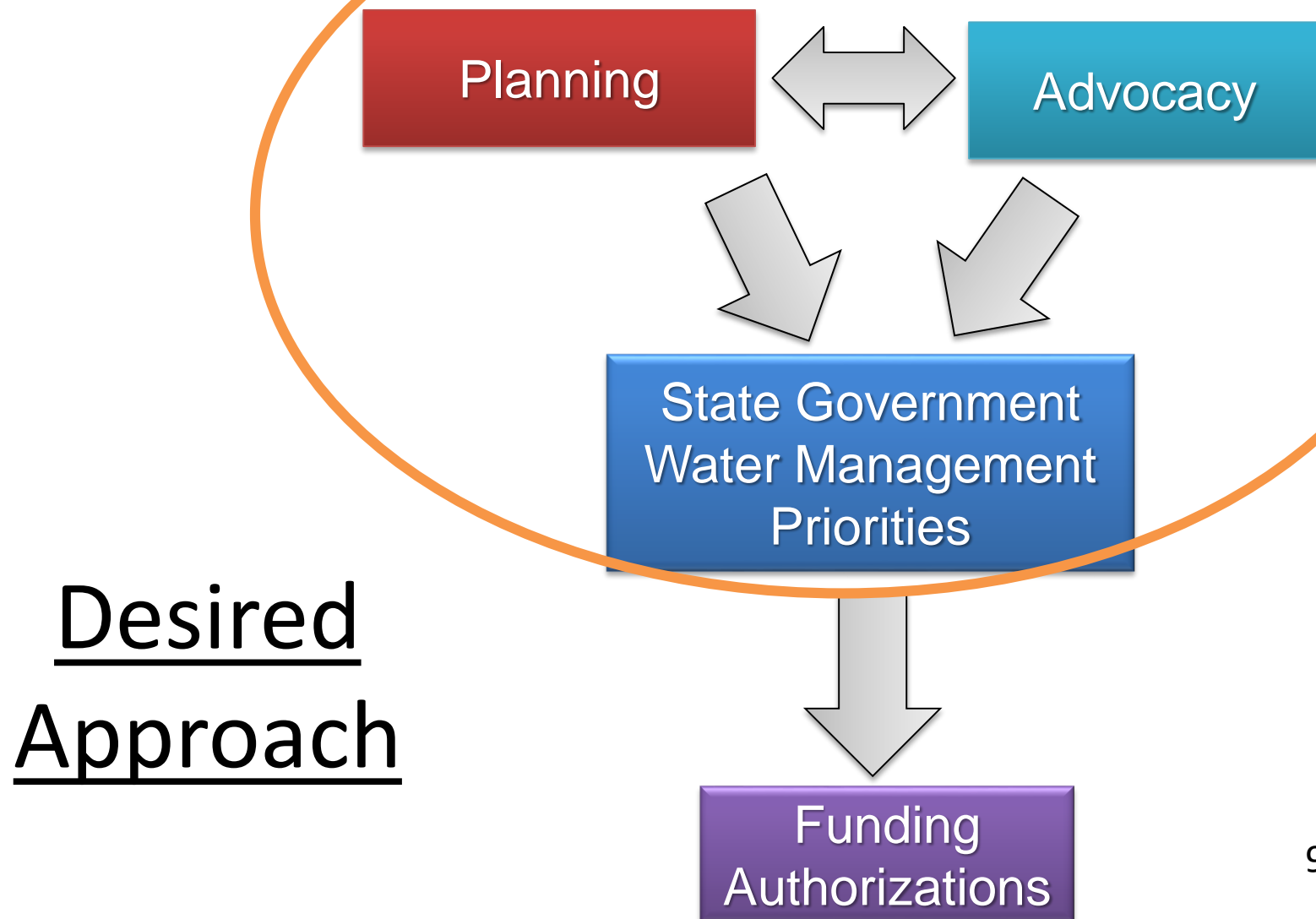
- **Sustainability tied to Societal Values**
- **Renewed interest in Infrastructure rehabilitation and modernization**
- **Alignment of governance**
- **Integrated planning and regulation approaches in support of systemic sustainability**
- **Capacity building in support of program delivery**
- **Requirements for stable and effective funding**

Need Paradigm Shift

Current Approach



Update 2018 Funding Plan



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Drivers of State Water Investment Planning

Examples of key State policy & guidance shaping Update 2018 Funding Plan

Guidance/Policy	Guidance to Update 2018 Funding Plan
Governor's Water Action Plan	<ul style="list-style-type: none">• Identify sustainable and integrated financing opportunities• Remove barriers to local and regional funding for water projects• Develop water financing strategy• Analyze user and polluter fees
Sustainable Groundwater Management Act	<ul style="list-style-type: none">• Significant State role in supporting regional GW governance, planning, and management
Update 2013 Finance Planning Framework	<ul style="list-style-type: none">• Captures critical topics and provides a framework and steps for Funding Plan development <i>(See table on next page for links between Update 2013 Finance Planning Framework and Update 2018)</i>
Update 2013 Roadmap for Action	<ul style="list-style-type: none">• Develop a more reliable, predictable, and diverse mix of finance mechanisms• Reduce costs by clarifying, aligning, and reducing redundancies among State government agencies' policies, incentive programs, and regulations• Develop method to track effectiveness of State government investments• Develop finance decision-support tool
Statewide & Central Valley Flood Planning	<ul style="list-style-type: none">• Recommendations for policy, action, and investment• Cost estimates, schedules, implementers
OTHER?	

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Mapping Update 2013 Finance Planning Framework to Update 2018

Update 2013 Finance Planning Framework Component	Update 2018 Component
1. IWM Scope and Outcomes	<ul style="list-style-type: none">• Chapter 1 (<i>Envisioning Sustainable Water Resources Management</i>) and Chapter 2 (<i>Sustainability Outlook</i>) will describe scope and desired outcomes.
2. IWM Activities	<ul style="list-style-type: none">• Chapter 3 (<i>Recommended Actions</i>) will describe categories of activities within scope
3. Existing Funding/Expenditures	<ul style="list-style-type: none">• Chapter 4 (<i>Funding Plan</i>) will include:<ul style="list-style-type: none">○ Estimate of current and needed funding for State government○ Summary of historical expenditures
4. Funding Reliability	<ul style="list-style-type: none">• Chapter 4 will include narrative and analysis of applicability & stability of funding mechanisms
5. State Government Role and Partnerships	<ul style="list-style-type: none">• Chapter 1 reaffirms State roles described in Update 2013• Chapter 3 will provide recommendations for improving, implementing, and clarifying State roles• Chapter 4 will include costs to State government
6. Future IWM Costs	<ul style="list-style-type: none">• Chapter 4 will include estimated cost of:<ul style="list-style-type: none">○ 5-year recommended actions in Chapter 3○ Statewide, long term sustainability
7. Funding, Who and How	<ul style="list-style-type: none">• Chapter 4 will be informed by:<ul style="list-style-type: none">• Shared values for guiding State government investments and prioritization• Attributes to frame future deliberations
8. Tradeoff Analysis	<ul style="list-style-type: none">• Chapter 4 recommended funding mix and schedule will be informed by a funding decision-support tool that identifies trade-offs, relationships, and sensitivities among different funding mechanisms



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State Investment and Funding Planning for Water Resources Sustainability

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State Investment and Funding Planning

- Respond to direction in Governor's Water Action Plan
- Identify opportunities and barriers to stable funding in support of statewide water resources sustainability
- Inform mix of funding mechanisms (Chapter 5) and associated State policy recommendations (Chapter 3)
- Equip decision-makers with a well-supported, actionable plan for State investment



CWP Update 2018 Overview

Chapter 1	Chapter 2	Chapter 3	Chapter 4	Chapter 5
Envisioning Sustainable Water Resources Management	Sustainability Outlook	Recommended Actions to Support Long-Term Sustainability	Investing in Water Sustainability	Implementation and Funding Plan
<ul style="list-style-type: none">Establishes a sustainability vision and develops shared intent around sustainable water resources management.Defines sustainability around four societal values: “Sustainability is an ongoing, resilient, and dynamic balance among societal values: public health and safety, healthy economy, ecosystem vitality, and opportunities for enriching experiences.”Describes water management activities that support societal values through defined intended outcomes.Describes DWR & State Government’s role and commitment.	<ul style="list-style-type: none">Summarizes water resources management assessments with an emphasis on sustainability.Evaluates water management effectiveness and identifies gaps and needed work.Uses specific indicators.Discusses methods for tracking and reporting progress.As part of assessment, describes challenges and potential disrupters for sustainably managing water in California.	<ul style="list-style-type: none">Focuses on statewide behaviors and enabling conditions that supports sustainable management & and realizes resource and societal benefits.Recommends long-term strategies and short-term actions to address urgent gaps and needs.Enables necessary enabling conditions and behaviors that set the foundation for sustainable water resources management.Recommended actions will include an estimate of the cost and time to implement (which will inform the Implementation Plan)	<ul style="list-style-type: none">Assesses, identifies, and recommend State funding/revenue sources for water management activities identified in Chapter 3.	<ul style="list-style-type: none">Presents a recommended schedule of implementation, based on identified actions (Chapter 3) costs and time needed to implement identified funding mechanisms (Chapter 4).Includes progress-tracking methods and identify potential roles and responsibilities for successful implementation.

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Focus of Funding Elements

Chapter 1 – Operational Framing of Water Resources Sustainability

Water sustainability is an ongoing, resilient, and dynamic balance among societal values:



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Focus of Funding Elements



Chapter 2 – Articulates foundational and critical challenges

Chapter 3 – Presents funding policy recommendations

Chapter 4 - Provides the context, logic, and rationale for the funding recommendations by assessing potential funding/revenue sources and describing factors that influence investment

Chapter 5 – Recommends funding mechanisms and timeframe

Water Plan Update 2018 Funding Plan

Pulling it all together

- **What needs to be done?**
 - Operational vision for sustainability (Ch. 1)
 - Identification of key policy and investment gaps (Ch. 2)
 - Recommended actions *5-Year time frame* + Long term sustainable management includes *long term strategies* (Ch. 3)
- **How much will it cost?**
 - Estimate future funding needs based on *Water Must Be Done* (Ch. 4)
- **What funding mechanisms are available?**
 - Identify existing and new funding mechanisms (and their attributes) (Ch. 4)
- **Which funding mechanisms work best?**
 - Enhance understanding of mechanism applicability, potential magnitude, political viability, etc (Ch. 4)
 - Examine high level management action categories (not project-specific) (Ch. 4)

Water Plan Update 2018 Funding Plan

Pulling it all together

- **How will the funding recommendations be developed?**

- Identify policy and other guidance (Ch. 4)
- Establish clear and meaningful considerations (Ch. 4)
- Focus on gap between current conditions and vision for sustainability (emphasis on next five years)
- DWR (with stakeholder input) will articulate draft funding recommendations in Public Review Draft (Ch. 3 and Ch. 5)
- DWR, CNRA, & Governor's Office will review and approve Final Plan

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Investing in Water Resources Sustainability

Draft Content & Narrative

(Walk-Through of DRAFT Chapter 4)

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Investing in Water Resources Sustainability

Funding Recommendation Concepts



Water Plan Update 2018 Recommendation Concepts

STATUS

Currently compiling funding recommendations from multitude of plans and processes for consideration in Update 2018

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Recommendation Concepts

Emerging Themes

- Process to identify enhancements to existing funding mechanisms and potential new mechanisms
- State funding that empowers and supports regional water management
- Funding for capacity-building & operations and maintenance for DACs
- Removal of funding barriers
- Utilize societal values to prioritize State investment

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Investing in Water Resources Sustainability

Next Steps:

- Develop 75% draft for September 2017 Plenary
- Policy AC Webinar (Nov.-Dec. timeframe)
- Policy AC Public Review Draft briefing (Jan. – Feb. timeframe)
- Release Public Review February 2018
- **Comments received by October 15 can be reflected in PRD**

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Plenary Meeting September 27, 2017

DRAFT Plenary Tracks :

- Funding Water Resources Sustainability
 - Novel Mechanisms
 - Water Markets
 - Role of Fees, Taxes, or Other Levies
- State Water Planning from the Local Level Up
 - Enhancing the Connection between IRWM and SGMA
 - Regulatory Alignment Needs to Support Better Regional Outcomes
- Putting Data to Work
 - Water Budgets
 - AB 1755
 - Land Use Visualization